

## Message Text

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ACTION AID-59

INFO OCT-01 NEA-09 ISO-00 IGA-02 L-03 EB-11 DRC-01 RSC-01

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 6014

INFO AMEMBASSY DACCA

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E.O. 11652: N/A

TAGS: EAID, EFIN, PK

SUBJECT: DEBT RESCHEDULING

REF: A. STATE 9835, B. ISLAMABAD 6651

C. STATE 148027

SUMMARY: GOVERNMENT SUBMITS AIDE MEMOIRE ON DEBT RESCHEDULING. SECRETARY EAD PROVIDES INITIAL COMMENTARY ON LIST OF PROJECTS VISIBLY LOCATED IN BANGLADESH. END SUMMARY.

1. AID DIRECTOR MET JULY 27 WITH SECRETARY EAD AFTAB AHMAD DYKHAN AT LATTER'S REQUEST. SECRETARY DELIVERED AID MEMOIRE ON IMPLEMENTATION OF CONSORTIUM AGREEMENT ON DEBT RELIEF. SIMILAR AID MEMOIRE WAS DELIVERED SERIATIM SAME DAY TO OTHER CONSORTIUM MEMBERS.

2. AIDE MEMOIRE SEEKS RELIEF IN THE AMOUNT OF \$54.1 MILLION REPORESENTING 71 PERCENT OF \$76.1 MILLION DUE FY 1975 ON DEBTS INCURRED PRIOR TO JULY 1, 1973. AIDE MEMOIRE CONTAINS SERIES OF APPENDICES LISTING SPECIFIC LOAN AGREEMENTS IN PORTFOLIO.

3. IN SEPARATE DISCUSSIONS WITH SECRETARY DURING PAST WEEK AND IN THIS MEETING QUESTION OF PROJECTS VISIBLY LOCATED

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IN BANGLADESH WAS DISCUSSED. EAD HAS REVIEWED LIST WE

SUBMITTED IN ACCORDANCE WITH INSTRUCTIONS CONTAINED IN STATE 148027. THEY HAVE DISAGREEMENTS ON AMOUNTS ON FIVE PROJECTS AND HAVE STRONG FEELINGS THAT BANGLADESH SHOULD ACCEPT SAWMILL PROJECT. AID DIRECTOR AGREED TO A PROCESS OF DETAILED SCRUTING OF RECORDS AVAILABLE TO GOP SINCE CHANGES IN FIGURES COULD ONLY BE MADE ON THE BASIS OF OBJECTIVELY VERIFIABLE RECORDS. ON THE QUESTION OF THE SAWMILL, AID DIRECTOR SUGGESTED THAT AMOUNT WAS SUFFICIENTLY SMALL TO MAKE THIS ISSUE OF MINIMAL IMPORTANCE. HOWEVER, SECRETARY EAD CITED PROBLEM OF MOST FAVORED NATION TREATMENT. DIRECTOR THEN SUGGESTED SAW MILL CASE LIKELY TO BE SUFFICIENTLY UNIQUE TO AVOID MFN ISSUE, BUT AGREED TO DETAILED REVIEW OF GOVERNMENT'S CASE.

4. IN SEPARATE CONVERSATIONS WE HAVE ALSO NOTED THAT USG PROPOSES TO PROVIDE AGREED AMOUNTS OF RELIEF ENTIRELY BY RESCHEDULING AID DEBTS. IF AVAILABLE MATURITIES ARE TOO SMALL TO PROVIDE AMOUNT REQUIRED IN ANY GIVEN YEAR, WE WOULD EXPECT TO PROVIDE EQUIVALENT PRESENT VALUES IN LATER YEARS IN ACCORDANCE WITH CONSORTIUM-GOP JUNE 28 MEMO OF UNDERSTANDING.

5. WE ARE POUCHING TO MC CLOSKEY COPY OF AIDE MEMOIRE FOR APPROPRIATE DISTRIBUTION IN WASHINGTON. MEANWHILE WE WILL WORK WITH GOP TO OBTAIN DOCUMENTATION RE AMOUNTS ON VISIBLE PROJECTS LIST. ALSO IN THIS CONNECTION WE REQUEST WASHINGTON TO PROVIDE US WITH RATIONALE FOR LEAVING RESPONSIBILITY FOR SERVICING SAWMILL PROJECT WITH GOP. PARTICULARLY NEED INFORMATION WHICH CAN BE USED TO ESTABLISH UNIQUENESS OF SAWMILL PROJECT WHICH WOULD PROVIDE BASIS FOR AVOIDING MFN PROBLEM. WHILE WE HAVE NO DOUBT THAT IN THE END GOP WILL ACCEPT RESPONSIBILITY THIS PROJECT, IT WOULD BE VERY HELPFUL IF THIS ACCEPTANCE COULD BE ON THE BASIS OF PERSUASION ON THE MERITS. WE WOULD ALSO APPRECIATE COPY OF JULY 20, 1974, CONSOLIDATION AND RESCHEDULING AGREEMENT BETWEEN GOP AND EXIM, AS WELL AS ANY DRAFT AGREEMENTS PROPOSED BY USG TO GOP EMBASSY IN WASHINGTON.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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